

RESOLUTION OF THE BOSTON REDEVELOPMENT AUTHORITY

RE: TENTATIVE DESIGNATION OF THE JOHN B. CRUZ
CONSTRUCTION COMPANY, INC., AS REDEVELOPER OF
PARCELS 131A-3, 131A-2, 131A-1, 131A-11, AND 131A-10 IN
THE CAMPUS HIGH RENEWAL AREA PROJECT
NO. MASS R-129

WHEREAS, the Boston Redevelopment Authority, (hereinafter referred to as the "Authority") has entered into a contract for loan and capital grant with the Federal Government under Title I of the Housing Act of 1949, as amended, which contract provides for financial assistance to the hereinafter identified project; and

WHEREAS, the Urban Renewal Plan for the Campus High Urban Renewal Area, Project No. Mass. R-129 (hereinafter referred to as the "Project Area"), has been duly reviewed and approved in full compliance with local, state and federal laws; and

WHEREAS, the Authority is cognizant of the conditions that are imposed in the undertaking and carrying out of the urban renewal projects with Federal assistance under said Title I, including those prohibiting discrimination because of race, color, sex, religion or national origin; and

WHEREAS, John B. Cruz Company, Inc., has expressed an interest in and has submitted a satisfactory proposal for the development of Parcels, 131A-3, 131A-2, 131A-1, 131A-11, and 131A-10 in the Campus High Urban Renewal Area; and

WHEREAS, the Authority is cognizant of Chapter 30, Sections 61 through 62H of the Massachusetts General Laws, as amended, with respect to minimizing and preventing damages to the environment:

NOW, THEREFORE, BE IT RESOLVED BY THE BOSTON REDEVELOPMENT AUTHORITY:

1. That the John B. Cruz Construction Company, Inc., be and hereby is tentatively designated as Redeveloper of Parcels 131A-3, 131A-2, 131A-1, 131A-11, and 131A-10 in the Campus High Urban Renewal Area, subject to:
 - (a) Concurrence in the proposed disposal transaction by the Department of Housing and Urban Development;
 - (b) Publication of all public disclosure and issuance of all approvals required by the Massachusetts General Laws and Title I of the Housing Act of 1949, as amended;

January 8, 1981

MEMORANDUM

Continued on Table:
TabledDecember 18, 1980
December 4, 1980

TO: BOSTON REDEVELOPMENT AUTHORITY

FROM: ROBERT J. RYAN, DIRECTOR

SUBJECT: TENTATIVE DESIGNATION OF REDEVELOPER FOR
THE COX BUILDING IN THE CAMPUS HIGH
URBAN RENEWAL AREA

On January 20, 1980, the Authority advertised for proposals to develop the Cox Building in John Eliot Square. This BRA-owned building has been designated a Boston Landmark, and the BRA spent \$100,000 for structural repairs this year using CD funds to match a grant from the Massachusetts Historical Commission.

The Cox Building is entirely vacant and boarded up. It is physically defined as follows:

<u>Advertised Parcel</u>	<u>Address</u>
131A-3	67 Bartlett Street
131A-2	69 & 71 Bartlett Street
131A-1	1, 2, 3 John Eliot Square
131A-11	3 & 5 Dudley Street
131A-10	7 Dudley Street

Of the three proposals submitted to the Authority, the John B. Cruz Construction Company, Inc., has demonstrated that it has the ability to carry out a development program that provides housing and will enjoy the support of the community. The other two submissions were by HiPark Development Corporation and Housing Innovations, Inc.

John B. Cruz, III, President of the John B. Cruz Construction Company, oversees development operations such as acquisition, development, taxes, finance and community involvement. John B. Cruz, Jr., Treasurer, oversees the Company's building activities. Significant to their proposal is a commitment to locate the Company's offices in the ground floor commercial space. This is tantamount to owner occupancy from the perspective of tenants and the neighborhood. The Cruz Company's accomplishments include development of the Taurus Apartments. Based on a neighborhood meeting held on October 15, 1980, it appears that the community has confidence in the Cruz family.

The rehabilitation program will renovate the existing building in accordance with preservation guidelines and install about 30 one and two-bedroom apartments with offices on part of the ground floor. The estimated cost of this project is over one million dollars.

It is therefore recommended that the Authority tentatively designate the John B. Cruz Construction Company as redeveloper of the Cox Building in John Eliot Square, Roxbury.

An appropriate resolution is attached.

- (c) Submission within ninety (90) days in a form satisfactory to the Authority of:
 - (i) Evidence of the availability of necessary equity funds, as needed; and
 - (ii) Evidence of firm financial commitments from banks or other lending institutions; and
 - (iii) Final working drawings and specifications; and
 - (iv) Proposed development and rental schedule.
- 2. That disposal of Parcels 131A-3, 131A-2, 131A-1, 131A-11, and 131A-10 by negotiation is the appropriate method of making the land available for redevelopment.
- 3. That it is hereby found and determined that the proposed development will not result in significant damage to or impairment of the environment and further, that all practicable and feasible means and measures have been taken and are being utilized to avoid or minimize damage to the environment.
- 4. That the Secretary is hereby authorized and directed to publish notice of the proposed transaction in accordance with Section 105 (E) of the Housing Act of 1949, as amended, including information with respect to the "Redeveloper's Statement of Public Disclosure". (Federal Form H-6004).

REDEVELOPER'S STATEMENT FOR PUBLIC DISCLOSURE¹

A. REDEVELOPER AND LAND

1. a. Name of Redeveloper: John B. Cruz Construction Company, Inc.
b. Address and ZIP Code of Redeveloper: 10 Fairway Street, Mattapan, MA 02126
c. IRS Number of Redeveloper:
2. The land on which the Redeveloper proposes to enter into a contract for, or understanding with respect to, the purchase or lease of land from

Boston Redevelopment Authority

(Name of Local Public Agency)

in John Elliot Square (Campos High Urban Renewal Area)
(Name of Urban Renewal or Redevelopment Project Area)

in the City of Boston, State of MA,
is described as follows²

3. If the Redeveloper is not an individual doing business under his own name, the Redeveloper has the status indicated below and is organized or operating under the laws of MA:

- ☒ A corporation.
☐ A nonprofit or charitable institution or corporation.
☐ A partnership known as
☐ A business association or a joint venture known as
☐ A Federal, State, or local government or instrumentality thereof.
☐ Other (explain)

4. If the Redeveloper is not an individual or a government agency or instrumentality, give date of organization:
N/A

5. Names, addresses, title of position (if any), and nature and extent of the interest of the officers and principal members, shareholders, and investors of the Redeveloper, other than a government agency or instrumentality, are set forth as follows:

¹If space on this form is inadequate for any requested information, it should be furnished on an attached page which is referred to under the appropriate numbered item on the form.

²Any convenient means of identifying the land (such as block and lot numbers or street boundaries) is sufficient. A description by metes and bounds or other technical description is acceptable, but not required.

- a. If the Redeveloper is a corporation, the officers, directors or trustees, and each stockholder owning more than 10% of any class of stock¹
 - John B. Cruz, III - President
 - John B. Cruz, Jr. - Treasurer
- b. If the Redeveloper is a nonprofit or charitable institution or corporation, the members who constitute the board of trustees or board of directors or similar governing body. N/A
- c. If the Redeveloper is a partnership, each partner, whether a general or limited partner, and either the percent of interest or a description of the character and extent of interest.
- d. If the Redeveloper is a business association or a joint venture, each participant and either the percent of interest or a description of the character and extent of interest. N/A
- e. If the Redeveloper is some other entity, the officers, the members of the governing body, and each person having an interest of more than 10%. N/A

<u>NAME, ADDRESS, AND ZIP CODE</u>	<u>POSITION TITLE (if any) AND PERCENT OF INTEREST OR DESCRIPTION OF CHARACTER AND EXTENT OF INTEREST</u>
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John B. Cruz, III - President	75% ownership
John B. Cruz, Jr. - Treasurer	25% ownership

6. Name, address, and nature and extent of interest of each person or entity (not named in response to Item 5) who has a beneficial interest in any of the shareholders or investors named in response to Item 5 which gives such person or entity more than a computed 10% interest in the Redeveloper (for example, more than 20% of the stock in a corporation which holds 50% of the stock of the Redeveloper; or more than 50% of the stock in a corporation which holds 20% of the stock of the Redeveloper):

<u>NAME, ADDRESS, AND ZIP CODE</u>	<u>DESCRIPTION OF CHARACTER AND EXTENT OF INTEREST</u>
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None

7. Names (if not given above) of officers and directors or trustees of any corporation or firm listed under Item 5 or Item 6 above:

None

B. RESIDENTIAL REDEVELOPMENT OR REHABILITATION

(The Redeveloper is to furnish the following information, but only if land is to be redeveloped or rehabilitated in whole or in part for residential purposes.)

¹ If a corporation is required to file periodic reports with the Federal Securities and Exchange Commission under Section 13 of the Securities Exchange Act of 1934, so state under this Item 5. In such case, the information referred to in this Item 5 and in Items 6 and 7 is not required to be furnished.

1. State the Redeveloper's estimates, exclusive of payment for the land, for:

- a. Total cost of any residential redevelopment. \$
- b. Cost per dwelling unit of any residential redevelopment. \$
- c. Total cost of any residential rehabilitation 1,400,000 \$
- d. Cost per dwelling unit of any residential rehabilitation 40,000 \$

2. a. State the Redeveloper's estimate of the average monthly rental (if to be rented) or average sale price (if to be sold) for each type and size of dwelling unit involved in such redevelopment or rehabilitation:

TYPE AND SIZE OF DWELLING UNIT	ESTIMATED AVERAGE	ESTIMATED AVERAGE
	MONTHLY RENTAL	SALE PRICE
	\$	\$
1 Bedroom	470	Section 8
2 Bedroom	550	Section 8

b. State the utilities and parking facilities, if any, included in the foregoing estimates of rentals:

Utilities and parking included

c. State equipment, such as refrigerators, washing machines, air conditioners, if any, included in the foregoing estimates of sales prices: Stove, refrigeration, dishwashers, garbage disposal

CERTIFICATION

I (We)¹ John B. Cruz, III

certify that this Redeveloper's Statement for Public Disclosure is true and correct to the best of my (our) knowledge and belief.²

Dated: _____

Dated: _____

Signature

Signature

Title

Title

Address and ZIP Code

Address and ZIP Code

¹ If the Redeveloper is an individual, this statement should be signed by such individual; if a partnership, by one of the partners; if a corporation or other entity, by one of its chief officers having knowledge of the facts required by this statement.

² Penalty for False Certification: Section 1001, Title 18, of the U.S. Code, provides a fine of not more than \$10,000 or imprisonment of not more than five years, or both, for knowingly and willfully making or using any false writing or document, known by the same to contain any false, fictitious or fraudulent statement or entry in a matter within the jurisdiction of any Department of the United States.

REDEVELOPER'S STATEMENT OF QUALIFICATIONS AND FINANCIAL RESPONSIBILITY

(For Confidential Official Use of the Local Public Agency and the Department of Housing and Urban Development. Do Not Transmit to HUD Unless Requested or Item 8b is Answered "Yes.")

1. a. Name of Redeveloper:

b. Address and ZIP Code of Redeveloper: John B. Cruz, Construction Company

2. The land on which the Redeveloper proposes to enter into a contract for, or understanding with respect to, the purchase or lease of land from

Same

(Name of Local Public Agency)

in Same

(Name of Urban Renewal or Redevelopment Project Area)

in the City of _____, State of _____,

is described as follows:

3. Is the Redeveloper a subsidiary of or affiliated with any other corporation or corporations or any other firm or firms? ☐ YES ☒ NO

If Yes, list each such corporation or firm by name and address, specify its relationship to the Redeveloper, and identify the officers and directors or trustees common to the Redeveloper and such other corporation or firm.

4. a. The financial condition of the Redeveloper, as of October 31, 1979, is as reflected in the attached financial statement.

(NOTE: Attach to this statement a certified financial statement showing the assets and the liabilities, including contingent liabilities, fully itemized in accordance with accepted accounting standards and based on a proper audit. If the date of the certified financial statement precedes the date of this submission by more than six months, also attach an interim balance sheet not more than 60 days old.)

b. Name and address of auditor or public accountant who performed the audit on which said financial statement is based:

Kennedy and Lehan

5. If funds for the development of the land are to be obtained from sources other than the Redeveloper's own funds, a statement of the Redeveloper's plan for financing the acquisition and development of the land:

6. Sources and amount of cash available to Redeveloper to meet equity requirements of the proposed undertaking:

a. In banks:

NAME, ADDRESS, AND ZIP CODE OF BANK

AMOUNT

\$ 200,000

New England Merchants

28 State Street

Boston, MA 02109

b. By loans from affiliated or associated corporations or firms:

NAME, ADDRESS, AND ZIP CODE OF SOURCE

AMOUNT

\$

c. By sale of readily salable assets:

DESCRIPTION

MARKET VALUE

\$

MORTGAGES OR LIENS

\$

7. Names and addresses of bank references:

New England Merchants

28 State Street

Bernard Fulp

8. a. Has the Redeveloper or (if any) the parent corporation, or any subsidiary or affiliated corporation of the Redeveloper or said parent corporation, or any of the Redeveloper's officers or principal members, shareholders or investors, or other interested parties (as listed in the responses to Items 5, 6, and 7 of the Redeveloper's Statement for Public Disclosure and referred to herein as "principals of the Redeveloper") been adjudged bankrupt, either voluntary or involuntary, within the past 10 years? ☐ YES ☒ NO

If Yes, give date, place, and under what name.

- b. Has the Redeveloper or anyone referred to above as "principals of the Redeveloper" been indicted for or convicted of any felony within the past 10 years? ☐ YES ☒ NO

If Yes, give for each case (1) date, (2) charge, (3) place, (4) Court, and (5) action taken. Attach any explanation deemed necessary.

9. a. Undertakings, comparable to the proposed redevelopment work, which have been completed by the Redeveloper or any of the principals of the Redeveloper, including identification and brief description of each project and date of completion:

Taurus Apartments - 38 units - MHFA Project

Taurus at Fountain Hill - 73 units - MHFA Project

- b. If the Redeveloper or any of the principals of the Redeveloper has ever been an employee, in a supervisory capacity, for construction contractor or builder on undertakings comparable to the proposed redevelopment work, name of such employee, name and address of employer, title of position, and brief description of work:

See Brochure

10. Other federally aided urban renewal projects under Title I of the Housing Act of 1949, as amended, in which the Redeveloper or any of the principals of the Redeveloper is or has been the redeveloper, or a stockholder, officer, director or trustee, or partner of such a redeveloper:

Taurus Apartments

Taurus at Fountain Hill

11. If the Redeveloper or a parent corporation, a subsidiary, an affiliate, or a principal of the Redeveloper is to participate in the development of the land as a construction contractor or builder:

- a. Name and address of such contractor or builder:

John B. Cruz Construction Company

- b. Has such contractor or builder within the last 10 years ever failed to qualify as a responsible bidder, refused to enter into a contract after an award has been made, or failed to complete a construction or development contract?

☐ YES ☒ NO

If Yes, explain:

- c. Total amount of construction or development work performed by such contractor or builder during the last three years: \$ 7,000,000.

General description of such work:

Housing and commercial (See brochure)

- d. Construction contracts or developments now being performed by such contractor or builder:

<u>IDENTIFICATION OF CONTRACT OR DEVELOPMENT</u>	<u>LOCATION</u>	<u>AMOUNT</u> \$	<u>DATE TO BE COMPLETED</u>
Taurus at Fountain Hill	Roxbury	3,147,000	2/81

e. Outstanding construction-contract bids of such contractor or builder:

AWARDING AGENCY

AMOUNT

\$

DATE OPENED

12. Brief statement respecting equipment, experience, financial capacity, and other resources available to such contractor or builder for the performance of the work involved in the redevelopment of the land, specifying particularly the qualifications of the personnel, the nature of the equipment, and the general experience of the contractor:

See Brochure

13. a. Does any member of the governing body of the Local Public Agency to which the accompanying bid or proposal is being made or any officer or employee of the Local Public Agency who exercises any functions or responsibilities in connection with the carrying out of the project under which the land covered by the Redeveloper's proposal is being made available, have any direct or indirect personal interest in the Redeveloper or in the redevelopment or rehabilitation of the property upon the basis of such proposal? ☐ YES ☒ NO

If Yes, explain.

- b. Does any member of the governing body of the locality in which the Urban Renewal Area is situated or any other public official of the locality, who exercises any functions or responsibilities in the review or approval of the carrying out of the project under which the land covered by the Redeveloper's proposal is being made available, have any direct or indirect personal interest in the Redeveloper or in the redevelopment or rehabilitation of the property upon the basis of such proposal? ☐ YES ☒ NO

If Yes, explain.

14. Statements and other evidence of the Redeveloper's qualifications and financial responsibility (other than the financial statement referred to in Item 4a) are attached hereto and hereby made a part hereof as follows:

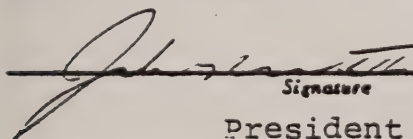
CERTIFICATION

I (We) John B. Cruz, III

certify that this Redeveloper's Statement of Qualifications and Financial Responsibility and the attached evidence of the Redeveloper's qualifications and financial responsibility, including financial statements, are true and correct to the best of my (our) knowledge and belief.²

Dated: February 14, 1980

Dated: _____



Signature
President

Signature

Title

Title

10 Fairway Street, Mattapan, MA 02126

Address and ZIP Code

Address and ZIP Code

¹ If the Redeveloper is a corporation, this statement should be signed by the President and Secretary of the corporation; if an individual, by such individual; if a partnership, by one of the partners; if an entity not having a president and secretary, by one of its chief officers having knowledge of the financial status and qualifications of the Redeveloper.

² Penalty for False Certification: Section 1001, Title 18, of the U.S. Code, provides a fine of not more than \$10,000 or imprisonment of not more than five years, or both, for knowingly and willfully making or using any false writing or document, knowing the same to contain any false, fictitious or fraudulent statement or entry in a matter within the jurisdiction of any Department

COMPILED FINANCIAL STATEMENTS

JOHN B. CRUZ CONSTRUCTION CO., INC.

OCTOBER 31, 1979

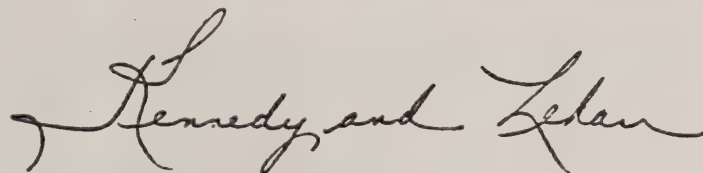
KENNEDY AND LEHAN • CERTIFIED PUBLIC ACCOUNTANTS, INC.
161 Forbes Road • Braintree, Mass. • Tel: 617-843-4220

KENNEDY AND LEHAN
Certified Public Accountants, Inc.
South Braintree, Massachusetts

Board of Directors
John B. Cruz Construction Co., Inc.

The accompanying statement of financial position of John B. Cruz Construction Co., Inc., at October 31, 1979 and the related statements of income and stockholders' equity for the six months then ended have been compiled by us.

A compilation is limited to presenting in the form of financial statements information that is the representation of management. We have not audited or reviewed the accompanying financial statements and, accordingly, do not express an opinion or any other form of assurance on them.


Kennedy and Lehan

Braintree, Massachusetts
February 1, 1980

JOHN B. CRUZ CONSTRUCTION CO., INC.

OCTOBER 31, 1979

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EXHIBIT	D	-	STATEMENT OF CHANGES IN FINANCIAL POSITION SIX MONTHS ENDED OCTOBER 31, 1979
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SCHEDULE	A	-	SCHEDULE OF CONTRACTS IN PROCESS OCTOBER 31, 1979

JOHN B. CRUZ CONSTRUCTION CO., INC.

STATEMENT OF FINANCIAL POSITION

OCTOBER 31, 1979

(Unaudited - Compilation)

ASSETS

CURRENT ASSETS:

Cash	\$ 222,891
Cash, joint checking Small Business Administration (Note 12)	39,044
Accounts receivable, contracts	214,557
Accounts receivable, retainages (Note 1)	268,887
Other accounts receivable	45,431
Accounts receivable, surety (Note 10)	100,000
Accounts receivable, unapproved change orders (Note 11)	125,000
Costs and estimated earnings on uncompleted contracts in excess of related billings (Note 2)	160,387
Prepaid expenses and bid deposits	<u>17,147</u>
Total current assets	<u>\$1,193,344</u>

FIXED ASSETS:

Motor vehicles (Note 3)	\$ 31,799
Office equipment	7,155
Construction equipment	<u>11,191</u>
	\$ 50,145
Less: Accumulated depreciation	<u>32,545</u>
Total fixed assets	<u>\$ 17,600</u>

LOANS RECEIVABLE, OFFICERS (Note 6)	<u>\$ 4,416</u>
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\$1,215,360

See Accountants' Compilation Report
and Notes to Financial Statements

LIABILITIES AND STOCKHOLDERS' EQUITY

CURRENT LIABILITIES:

Note payable, unsecured to bank (Note 3)	\$ 25,000
Note payable, secured, due within one year (Note 3)	2,310
Accounts payable, trade	773,071
Advance payment, Small Business Administration (Note 13)	60,000
State income taxes payable	6,700
Billings on uncompleted contracts in excess of related costs and estimated earnings (Note 2)	56,940
Payroll taxes withheld and accrued	8,356
Other accrued expenses	20,132
Total current liabilities	<u>\$ 952,509</u>

OTHER LIABILITIES:

Loan due affiliates (Note 5)	\$ 2,289
Notes payable, officers (Note 8)	30,724
Notes payable, secured, due after one year (Note 3)	2,883
Total other liabilities	<u>\$ 35,896</u>

STOCKHOLDERS' EQUITY:

Common stock, no par value:	
Authorized, 5,000 shares; issued and outstanding, 280 shares	\$ 49,000
Additional paid in capital (Note 10)	85,828
Retained earnings	92,127
Total stockholders' equity	<u>\$ 226,955</u>

\$1,215,360

JOHN B. CRUZ CONSTRUCTION CO., INC.STATEMENT OF INCOMESIX MONTHS ENDED OCTBER 31, 1979

(Unaudited - Compilation)

CONTRACT REVENUE EARNED (Notes 1, 10, and 11)	\$1,700,212
COST OF EARNED CONTRACT REVENUE	<u>1,520,956</u>
GROSS PROFIT	\$ 179,256
GENERAL AND ADMINISTRATIVE EXPENSES	<u>116,404</u>
OPERATING INCOME	<u>\$ 62,852</u>
OTHER INCOME:	
Cash discounts	\$ 3,082
Interest and other	<u>503</u>
	<u>\$ 3,585</u>
INCOME BEFORE INCOME TAXES AND EXTRAORDINARY ITEM (Note 8)	<u>\$ 66,437</u>
INCOME TAX EXPENSE (Note 7):	
State income tax	\$ 6,700
Tax effect of loss carryforward	<u>12,171</u>
	<u>\$ 18,871</u>
INCOME BEFORE EXTRAORDINARY ITEM	\$ 47,566
EXTRAORDINARY ITEM (Note 8)	<u>12,171</u>
NET INCOME	<u><u>\$ 59,737</u></u>

See Accountants' Compilation Report
and Notes to Financial Statements

JOHN B. CRUZ CONSTRUCTION CO., INC.STATEMENT OF STOCKHOLDERS' EQUITYOCTOBER 31, 1979

(Unaudited - Compilation)

COMMON STOCK:

Balance at beginning and end of six months	\$ 49,000
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ADDITIONAL PAID IN CAPITAL:

Balance at beginning and end of six months	\$ 85,828
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RETAINED EARNINGS:

Balance at beginning of six months	\$ 32,390
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Net income for the six months	59,737
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Balance at end of six months	\$ 92,127
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See Accountants' Compilation Report
and Notes to Financial Statements

JOHN B. CRUZ CONSTRUCTION CO., INC.

STATEMENT OF CHANGES IN FINANCIAL POSITION

SIX MONTHS ENDED OCTOBER 31, 1979

(Unaudited - Compilation)

FUNDS WERE PROVIDED BY:

Net income	\$ 59,737
Charges and credits not affecting working capital:	
Depreciation	<u>3,847</u>
Total from operations	\$ 63,584
Loans from officer	<u>4,724</u>
Total funds provided	<u>\$ 68,308</u>

FUNDS WERE APPLIED TO:

Acquisition of fixed assets	\$ 2,300
Loans to officer	4,416
Payments on and current portion of long term debt	1,352
Reduction of loans due affiliates	<u>789</u>
Total funds applied	<u>\$ 8,857</u>

RESULTING IN A NET INCREASE IN WORKING CAPITAL OF \$ 59,451

See Accountants' Compilation Report
and Notes to Financial Statements

CHANGES IN COMPONENTS OF WORKING CAPITAL

Increase (Decrease) in current assets:

Cash	\$ 73,062
Cash, joint checking Small Business Administration	(9,865)
Accounts receivable, contracts	28,871
Accounts receivable, retainages	79,244
Other accounts receivable	1,874
Costs and estimated earnings on uncompleted contracts in excess of related billings	147,950
Prepaid expenses and bid deposits	<u>7,070</u>
	<u>\$ 328,206</u>

Increase(Decrease) in current liabilities:

Note payable, unsecured to bank	\$ (40,000)
Accounts payable, trade	303,078
Advance payment, Small Business Administration	(30,000)
State income taxes payable	6,472
Billings on uncompleted contracts in process in excess of related costs and estimated earnings	30,679
Payroll taxes withheld and accrued	669
Other accrued expenses	<u>(2,143)</u>
	<u>\$ 268,755</u>

NET INCREASE IN WORKING CAPITAL

\$ 59,451

JOHN B. CRUZ CONSTRUCTION CO., INC.NOTES TO FINANCIAL STATEMENTSOCTOBER 31, 1979

(Unaudited - Compilation)

NOTE 1 - Summary of Significant Accounting Policies

The accounting principles that affect the more significant aspects of the Company's financial statements are as follows:

Recognition of Income - For financial reporting purposes, profits on long term contracts are recorded on the Company's estimates of the percentage of completion of individual contracts commencing when progress reaches a point where experience is sufficient to estimate results with reasonable accuracy. Income is then recognized in the ratio that incurred costs to date bear to estimated total costs after giving effect to estimates of costs to complete based upon recent information.

The Company's method of reporting revenue for tax purposes is reported in Note 7 to these financial statements.

At the time a loss (if any) on a job becomes known, the entire amount of the estimated ultimate loss is accrued.

Accounts Receivable, Retainages - Accounts receivable, retainages are amounts retained on contracts which are due upon certification and approval of construction.

Fixed Assets - Items capitalized are valued at cost. Depreciation is computed using the straight-line method based upon the estimated useful lives of the assets. Routine repairs and maintenance are expensed as incurred. A summary of the estimated lives of the fixed assets is as follows:

<u>Asset</u>	<u>Years</u>
Motor vehicles	3
Office equipment	6
Construction equipment	3-5

JOHN B. CRUZ CONSTRUCTION CO., INC.

NOTES TO FINANCIAL STATEMENTS (Continued)

OCTOBER 31, 1979

(Unaudited - Compilation)

NOTE 2 - Contracts in Process

A summary of contracts in process at October 31, 1979 is as follows:

	Costs to Date	Estimated Earnings	Billings	Costs and Estimated Earnings in Excess of Billings	Billings in Excess of Costs and Estimated Earnings
V. A. Hospital	\$ 194,968	\$ 27,650	\$ 272,771	\$	\$ 50,153
Digital Equipment Corporation	1,928,227	311,500	2,146,300	93,427	
Madison Park	3,993,720	292,230	4,285,950		
Maytheon	271,568	40,940	245,548	66,960	
Mattapan Health Center	368	---	4,520		4,152
U.S. Army W. Thompson Connecticut	20,381	8,510	31,526		2,635
	<u>\$6,409,232</u>	<u>\$680,836</u>	<u>\$6,986,615</u>	<u>\$160,387</u>	<u>\$ 56,940</u>

NOTE 3 - Notes Payable

Notes payable at October 31, 1979 were as follows:

14½% unsecured, note payable, due
December 31, 1979

\$ 25,000

12% note payable, secured by an automobile
payable in monthly installments of \$192.52
through March, 1980

\$ 5,193

2,310

\$ 2,883

Less: amounts due within year

JOHN B. CRUZ CONSTRUCTION CO., INC.NOTES TO FINANCIAL STATEMENTS (Continued)OCTOBER 31, 1979

(Unaudited - Compilation)

NOTE 4 - Lease Commitments

The Company rents its office space as a tenant at will. Rent expense for the six months ended October 31, 1979 was \$1,800.

NOTE 5 - Related Party Transactions

A summary of amounts due to/from affiliates at October 31, 1979 is as follows:

Cruz Building Corporation	\$ 1,291
Verdean Construction Company	<u>998</u>
	<u>\$ 2,289</u>

NOTE 6 - Loans Receivable, Officer

At October 31, 1979 there was a non-interest bearing loan receivable due from an officer in the amount of \$4,416.

NOTE 7 - Income Taxes

For tax reporting purposes (Reference Note 1) the Company does not report contract revenues represented by contract retainages until actually received, resulting in a timing difference between book and tax revenues.

At October 31, 1979 no federal income taxes, currently payable or deferred have been recorded. This is due to the effect of the tax loss carryforward, as explained in Note 8 to these financial statements.

The Company has available approximately \$273,000 of loss carryforwards to offset future taxable income. The carryforwards expire as follows:

<u>Date</u>	
April 30, 1985	\$ 229,870
April 30, 1986	<u>43,130</u>
	<u>\$ 273,000</u>

State income taxes have been computed at the applicable rates.

JOHN B. CRUZ CONSTRUCTION CO., INC.NOTES TO FINANCIAL STATEMENTS (Continued)OCTOBER 31, 1979

(Unaudited - Compilation)

NOTE 8 - Extraordinary Item

No provision for federal income taxes has been included in the accompanying financial statements. This is due to the fact that the company has net operating loss carryforwards totaling approximately \$273,000 available to offset taxable income. The tax effect of this carryforward has been treated as an extraordinary item in the accompanying income statement.

NOTE 9 - Notes Payable, Officers

A summary of notes payable, officers at October 31, 1979 is as follows:

6% unsecured, demand note payable to John B. Cruz, III	\$ 12,021
6% unsecured, demand note payable to John B. Cruz, Jr.	<u>18,703</u>
	<u>\$ 30,724</u>

NOTE 10 - Accounts Receivable, Surety

The Company has filed a claim in the amount of \$255,671 for reimbursement of costs incurred in excess of a contract signed with a subcontractor which defaulted on its contract. At October 31, 1979, the company has included \$100,000 of the claim in the accompanying financial statements.

NOTE 11 - Unapproved Change Orders - Madison Park

The Company has pending before the Massachusetts Housing Finance Agency (MHFA) change orders totaling \$300,206 on the Madison Park contract. At October 31, 1979, the company has included \$125,000 of these unapproved change orders in the accompanying financial statements.

NOTE 12 - Advance Payments - Small Business Administration

The Company under the 8(a) program of the Small Business Act has received monies from the Small Business Administration (SBA).

The SBA has agreed to advance the company up to \$100,000 for use on the Veterans Administration Hospital contract. These advances are non-interest bearing and will be fully repaid when the contract is completed. As part of the agreement, the Company and the SBA have a joint checking account in which these advances as well as the contract requisitions are deposited.

JOHN B. CRUZ CONSTRUCTION CO., INC.

SCHEDULE OF CONTRACTS IN PROCESS

OCTOBER 31, 1979

(Unaudited - Compilation)

	Revised Contract Amount	Estimated Cost	Estimated Gross	Billings to Date	Costs to Date	Estimated Earnings to Date	Costs and Estimated Earnings in Excess of Billings	Billings in Excess of Costs and Estimated Earnings	Prior Periods	Current Period	Future Periods
Veterans Administration Hospital	\$ 280,322	\$ 245,322	\$ 35,000	\$ 272,771	\$ 194,968	\$ 27,650	\$	\$ 50,153	\$ 24,500	\$ 3,150	\$ 7,350
Digital Equipment Corporation	2,510,193	2,160,183	350,000	2,146,300	1,928,227	311,500	93,427		133,250	178,250	38,500
Madison Park	4,285,950	3,993,720	292,230	4,285,950	3,993,720	292,230			309,716	(17,486)	
Raytheon	340,705	296,205	44,500	245,548	271,568	40,940	66,960			40,940	3,560
Mattapan Health Center	74,734	66,234	8,500	4,520	368			4,152			8,500
U.S. Army W. Thompson	38,948	27,448	11,500	31,526	20,381	8,510		2,635		8,510	2,990
	\$7,530,842	\$6,798,112	\$ 741,730	\$6,986,615	\$6,409,232	\$ 680,830	\$ 160,387	\$ 56,940	\$467,466	\$213,364	\$60,900

See Accountants' Compilation Report
and Notes to Financial Statements

